

Your Retirement



PENSION & BENEFIT UPDATES FOR RETIREES OF THE ARIZONA STATE RETIREMENT SYSTEM

A Message from the ASRS Director, Paul Matson...

2013 ASRS Open Enrollment

Open Enrollment Period: October 22nd - November 16th

The annual Open Enrollment period for the ASRS retiree health insurance program begins Monday, October 22 and ends Friday, November 16. The effective date of enrollment in, or changes to, your ASRS coverage is January 1, 2013.

Plan premiums will not increase for our Medicare plans and plan provisions remain unchanged in 2013 for all plans. The Medicare Advantage Plan will see a decrease in the generic prescription copayment. If you are currently enrolled in one of the ASRS-sponsored dental plans, there will be no change to the dental plans offered or to dental plan premiums for 2013.

Rising health care costs have made it continually difficult for ASRS to provide quality, affordable health insurance for retirees. According to *The Wall Street Journal*, the percentage of large firms providing workers with retiree health coverage has dropped from 66% in 1988 to 29% in 2011. Health insurance premiums and deductibles for older Americans are over four times more expensive, on average, than they are for young adults on a typical employer-sponsored insurance plan.

The Affordable Care Act created a new program called the Early Retiree Reinsurance Program (ERRP) to help address this challenge, providing \$5 billion in financial assistance to employer plans to help maintain coverage for early retirees age 55 and older but who are not yet eligible for Medicare. Those funds were depleted during calendar

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UnitedHealthcare 2013 Plan Premium Changes

The non-Medicare Choice in-state, in-network only and Choice Plus PPO (out-of-state) plans will experience an increase in monthly premiums beginning January 1, 2013. Senior Supplement and Group Medicare Advantage (HMO) members will not see an increase in monthly premiums. Current plan provisions in effect for all plans will remain in effect for 2013, except the generic prescription copayment for the Group Medicare Advantage (HMO) plan will **decrease** from \$20 to \$10 per generic prescription as mandated by health care reform legislation.

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Social Security Q&A

Lost or Stolen S.S. card? No problem – but there's a limit...

Question:

I lost my Social Security card. Should I get a new one?

Answer:

YES. You can replace your Social Security card for free, if it is lost or stolen, but you are limited to three replacement cards in a year and 10 during your lifetime.

Learn more at:

[www.](http://www.socialsecurity.gov/ssnumber)

[socialsecurity.gov/ssnumber.](http://www.socialsecurity.gov/ssnumber)

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year 2011.

The ASRS received ERRP money to mitigate premium increases in our non-Medicare plans for the 2013 plan year. The funds will be used to reduce retiree health care costs by providing premium relief to retirees and families. ASRS was approved to participate in the program and received reinsurance payments for the claims of high-cost retirees and their families (80 percent of the costs from \$15,000 to \$90,000). The program ends on January 1, 2014 when state health insurance exchanges are expected to be up and running.

As a result of ASRS receiving ERRP money, non-Medicare plan enrolled members will see only a 5.87% increase in monthly premiums during 2013 with all other plan provisions remaining unchanged.

There has been a lot of talk lately regarding the Affordable Care Act. The Supreme Court upheld the central component requiring that U.S. citizens purchase health insurance. Now the scramble to enact the law continues. Unless the law is repealed by Congress, most of the major changes take effect on Jan. 1, 2014. By then, states must have set up health insurance exchanges, where people can buy coverage. Carriers will offer policies to anyone who

applies, including people with expensive medical conditions. People who do not qualify for exemptions based on income or religion will

be required to have minimum insurance coverage or pay a penalty. As a result, non-Medicare retirees may have other health insurance plan opportunities available in the future. The ASRS is monitoring the implementation of exchanges on the federal and state level and future editions of *Your Retirement* newsletters will discuss options for our non-Medicare retirees.

Be sure to read the 2013 Open Enrollment Guide thoroughly as it contains very important information regarding the benefit and rate changes to help you make your benefit decisions for the 2013 plan year. **You do not need to take any action if you are already enrolled in ASRS insurance and you want your coverage to carry over to 2013. Your coverage will automatically carry forward.** However, you are encouraged to review the articles in this edition of *Your Retirement* to learn more about your ASRS retiree health insurance plans. We would also suggest that you keep the 2013 Open Enrollment Guide and other materials for future reference.

For 2013, the ASRS will be able to keep premium increases well below other retiree systems and peer institutions, with no monthly premium increase for Medicare retirees and the non-Medicare retiree increase capped at 5.87% for this plan year. When you consider the cost of not having adequate health care coverage, the cost is minimal. Having good coverage gives members a sense of security and peace of mind – and that's a big reason why members stay on ASRS retiree health insurance year after year. ■

The chart below shows, by plan, new single monthly premiums in effect beginning January 1, 2013:

UnitedHealthcare Premium - Single Coverage Only		
ASRS Medical Plans:	Current Retiree-Only Premiums:	2013 Plan Year Premiums:
<u>Non-Medicare Plan -</u>		
UHC Choice Plan (in-state, in-network)	\$641	\$679 (+ 5.87%)
UHC Choice Plus (out-of-state)	\$898	\$951 (+ 5.87%)
<u>Medicare Plan -</u>		
Senior Supplement	\$342	\$342 (+ 0.00%)
Medicare Advantage HMO (urban)	\$190	\$190 (+ 0.00%)
Medicare Advantage HMO (rural)	\$260	\$260 (+ 0.00%)

Of significance, non-Medicare members should know that the non-Medicare premium increase was negotiated at 9.87%. As a result of using some of the federal money provided by a reinsurance program provided by the Affordable Care Act (national health care reform), non-Medicare plan enrolled members will see only a 5.87% increase in monthly premiums during 2013 with all other plan provisions remaining unchanged.

The ASRS non-Medicare medical plans have no other outside additional revenue sources to assist in supplementing the impact of medical cost increases and utilization that impact premiums. Though this renewal should be viewed by enrolled members as a favorable outcome, several overarching factors presented themselves during our negotiations which impacted non-Medicare plans:

- Our non-Medicare plans' health care expense trends increased for premiums and prescription drugs.
- Non-Medicare benefit cost ratio increased to over 107%. (claims cost as a percent of premiums)

- Non-Medicare enrollment increased by approximately 20%.
- Stagnate CMS Medicare reimbursement levels impacted our "whole case underwriting" approach.
- UnitedHealthcare received a 3.5 star quality rating by the Centers for Medicare and Medicaid Services (CMS) (as opposed to the 4.0 star rating UHC sought) which reduced additional revenue from Medicare. Revenue is increased by achieving a higher star rating.

In summary, ASRS benefit cost ratios (revenues to claims expense) have narrowed for all plans. However, Medicare plans do have premium revenue options that our non-Medicare plans do not have. The Group Medicare Advantage HMO plan, for example, utilizes specific reimbursement arrangements with the Centers for Medicare and Medicaid (CMS) to supplement final premium costs. As a result, Medicare eligible enrolled members will see no increase in monthly premiums. ■



Living with a health condition or complication can be tough.

We're here to help.



Why is UnitedHealthcare calling?

If you're living with a chronic condition or dealing with a health complication, a registered nurse may have called you to offer support. This service is here to help make your life easier. The nurse can help you:

- Get trusted answers to all your questions.
- Find the right doctors and schedule appointments.
- Understand your treatment options, prescriptions and bills.
- Find ways to save money.
- Learn about simple lifestyle changes that could improve your health.

The confidential Case and Disease Management Programs are available at no additional cost to you, as part of your health plan.

For informational purposes only. The information provided is not a substitute for your doctor's care and is not a substitute for professional health care. Your personal health information is kept private in accordance with your plan's privacy policy. You should consult an appropriate health care professional for your specific needs.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.

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Nurses are ready to help day and night.

You can also call and speak with a registered nurse anytime, about any health concern for you or a family member.

myNurseLine

1-866-402-0006 TTY:342



Great News! No Dental Premium Increases for 2013

2013 Dental Plans and Premium Updates

If you are currently enrolled in one of the ASRS-sponsored dental plans, there will be no change to the dental plans offered or to premiums for 2013! For those of you who are not currently enrolled in a dental plan – or even if you are enrolled in a non-ASRS dental plan – we encourage you to take this opportunity to think about your dental care needs for the coming year. Your annual open enrollment is the time when you may consider your dental plan options and determine which plan best fits your dental care needs.

You have four dental plan options from which to choose: two indemnity plans – a low and high option – and two prepaid/Dental Health Maintenance Organization (DHMO) dental plans. First, it is important to understand the differences between an indemnity and prepaid/DHMO dental plan.

An indemnity dental plan allows you to select any dentist. There are deductibles, annual maximums, waiting periods, and pre-existing conditions. You and/or your dentist will file claims for reimburse-

ment of covered dental expenses. You pay for services based on allowable charges and coinsurance levels as determined by the dental benefit plan.

A prepaid/DHMO dental plan is a network of dentists who agree to provide specific dental services for a set fee (referred to as the copayment). You select a primary care dentist from the network of participating general dentists and you will receive most of your dental care from your primary dentist. There are no deductibles, annual maximums, waiting periods, pre-existing conditions, coinsurance levels, or claim forms with these plans. Prepaid/DHMO dental plans offer the lowest premium rates.

Here is a summary comparison to illustrate the basic differences in the dental plan options available to you. Be sure to review the full plan materials available to you during Open Enrollment for a complete description of the features and benefits of each plan, as well as the exclusions and limitations. ■

Procedures	INDEMNITY PLANS		PREPAID / DHMO PLANS	
	Freedom Advance LOW OPTION	Freedom Advance HIGH OPTION	Heritage Secure PREPAID	DHMO 220 Plan
Annual Maximum	\$1,000 per person	\$2,500 per person	No Annual Maximum	No Annual Maximum
Annual Deductible	\$50 per person/ \$150 per family; waived for Type I services	\$50 per person/ \$150 per family; waived for Type I services	No Deductible	No Deductible
Type I Services - Preventative ¹	Plan covers 100% (deductible waived)	Plan covers 100% (deductible waived)	Copayments	Copayments (most preventative services \$0)
Type II Services-Basic ²	Plan covers 80%	Plan covers 80%	Copayments	Copayments
Type III Services-Major ³	Not Covered	25% 1st Year; 50% 2nd continuous Year & thereafter	Copayments	Copayments
Orthodontia Coverage	No Orthodontia Coverage	No Orthodontia Coverage	25% Disc (adult/child) off usual/customary	Copayments adult/child orthodontia
File Claims	Yes	Yes	No ⁴	No ⁴
Network Dentist	Not required, but may choose a PPO dentist for additional savings	Not required, but may choose a PPO dentist for additional savings	Must select a participating dentist	Must select a participating dentist

¹ Preventive services include oral exams, cleanings, some x-rays

² Basic services include fillings, periodontics and endodontics (varies by plan), minor oral surgery, some x-rays

³ Major services include crowns, bridges, dentures, complex oral surgery

⁴ Except emergency services provided by a Non-Plan Dentist and, for the DHMO 220 Plan, Non-Plan Specialty Dentist services

Prescription Solutions Becomes OptumRx

Prescription Solutions, our Pharmacy Benefit Manager for our UnitedHealthcare medical plans, has changed their name to OptumRx. New identification cards (ID) for all members will not be issued due to this name change. Only new enrollees

and the Group Medicare Advantage HMO will be getting new ID cards. The new ID cards will have the new OptumRx logo on the front of the card. For members not getting a new card, your current card should continue to be used. ■

WellCardRx™ *...an Empowering Health & Wellness Program*

The Arizona State Retirement System (ASRS) would like to remind you of the valuable benefits provided through the WellCardRx Discount Card Program. In 2011 the WellCardRx Discount Card Program saved 2,100 ASRS members over \$400,000 on their prescription drug costs. The card is available free of charge and provides ASRS members and their families with access to valuable discounts on prescription medications. Anyone can use the card, regardless of age, income or health status. For 2013, we have enhanced the services available by the WellCardRx Discount Card Program. In addition to the valuable discounts on prescription medication the WellCardRx Program now offers discounted dental, hearing, MRI, lab and imaging services at no additional cost. To utilize the enhanced benefits of the new WellCardRx program use the card included in the 2013 Open Enrollment Guide, call WellCard at **800-562-9625** or visit **www.wellcardhealth.com**. This card will replace your previous WellCard. You will not need to carry both cards to utilize the benefits of the program.

WellCardRx saves you and your family up to 50% or more on a wide range of health services, including:

- **Prescription Drugs** – save up to 65%. WellCard is accepted at over 59,000 pharmacies nationwide, including major chains, community and mail order pharmacies. Over 60,000 brand

and generic drugs are included.

- **Dental** – save up to 50%. WellCard is accepted at over 70,000 provider locations nationwide, and covers all dental services and specialties, including orthodontia.
- **Hearing** – save up to 15%. WellCard participants receive a free hearing test and 15% discount on over 80 hearing aid models at 1,350 Beltone locations nationwide, with a Lifetime Care Program included.
- **MRI & Imaging** – save up to 70%. WellCard participants enjoy savings of 20% and more on MRI, PET, and CT scans, as well as other imaging services at over 3,900 locations nationwide.
- **Lab** – save up to 60%. WellCard participants save up to 60% using the online search tool to locate a lab and order their test. Actual savings are displayed immediately.

If you would like additional information on the WellCardRx program, please visit the ASRS website at **www.azasrs.gov**. At the top of the home page, place your cursor over “Retirees” and click on Health Insurance. Once you’re on the Health Insurance page, select WellCardRx. Or visit **www.wellcardrx.com** to check the estimated cost of a specific medication or to find a participating pharmacy or provider. ■

Prescription Copayment Change

For Group Medicare Advantage (HMO) Plan

Effective January 1, 2013, the Tier 1 (generic) copayment on the Group Medicare Advantage HMO plan will be reduced from \$20 to a \$10

copayment per month per prescription. The Tier 2 (brand) and Tier 3 (specialty) stay the same at \$40 and \$100 copayment per month per prescription. ■

Reminders About Your ASRS-Sponsored Dental Benefits

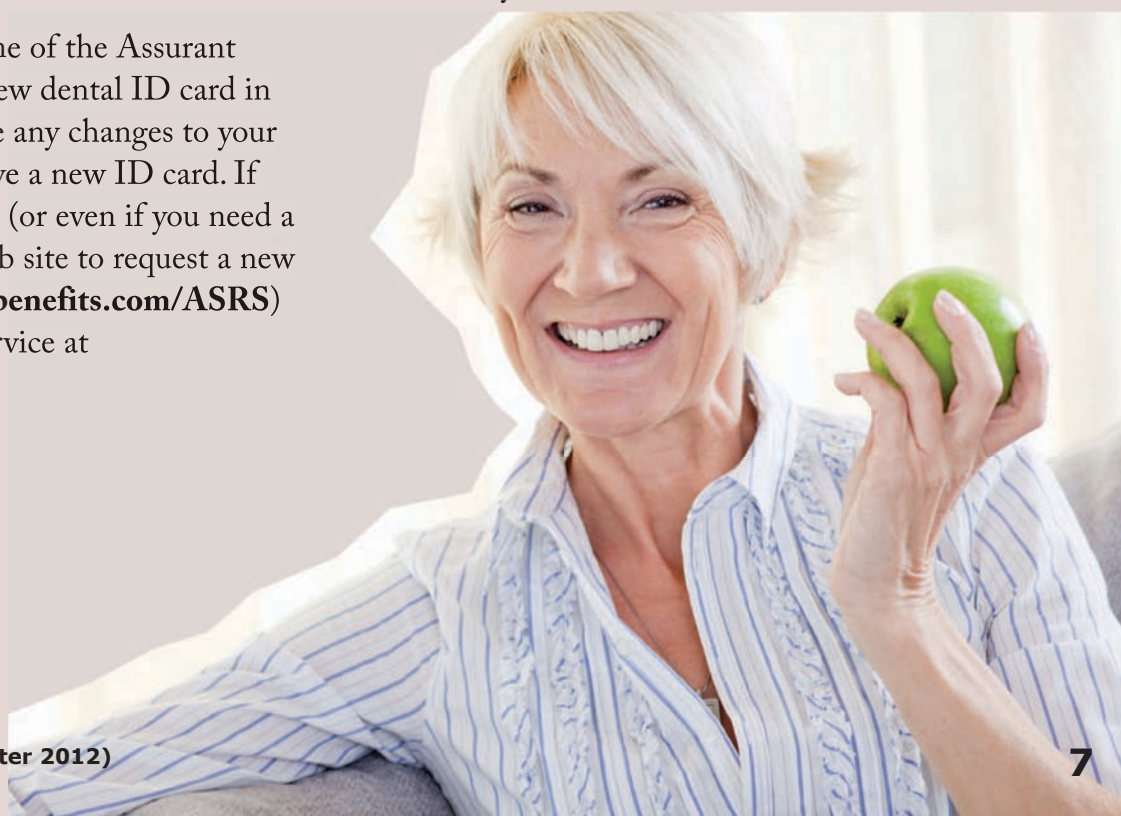
Did you know that all ASRS retirees and enrolled beneficiaries are eligible to enroll in one of the dental plans offered by Assurant Employee Benefits even if they do not enroll in an ASRS medical plan? That's right. The ASRS does not require enrollment in an ASRS medical plan in order for you to be eligible to enroll in a dental plan through the ASRS. Although you may maintain your employer's medical plan or may be enrolled in your spouse's medical coverage, you are still eligible to enroll in a dental plan through the ASRS. When you are enrolled in one of the ASRS-sponsored dental plans, the Premium Benefit to which you are entitled will be applied to your dental plan premium first. The remainder of the Premium Benefit may then be applied to an eligible medical plan's premium, if warranted.

If you are newly enrolled in one of the Assurant dental plans, watch for your new dental ID card in December. If you do not make any changes to your dental plan, you will not receive a new ID card. If you don't receive your ID card (or even if you need a new one), you can visit the web site to request a new one (www.assurantemployeebenefits.com/ASRS) or call Assurant's customer service at 800-442-7742.

The Assurant web site provides you with a wide range of information at your fingertips, including:

- Eligibility
- Claims status for indemnity plans
- Search for network dentists
- Dental fee cost estimates
- Benefit information
- Ask a Dentist
- Request an ID card
- Dental Health Center
- Change dentist for prepaid / DHMO plans
- Customer service

Don't forget to schedule your regular dental appointment with your dentist! ■



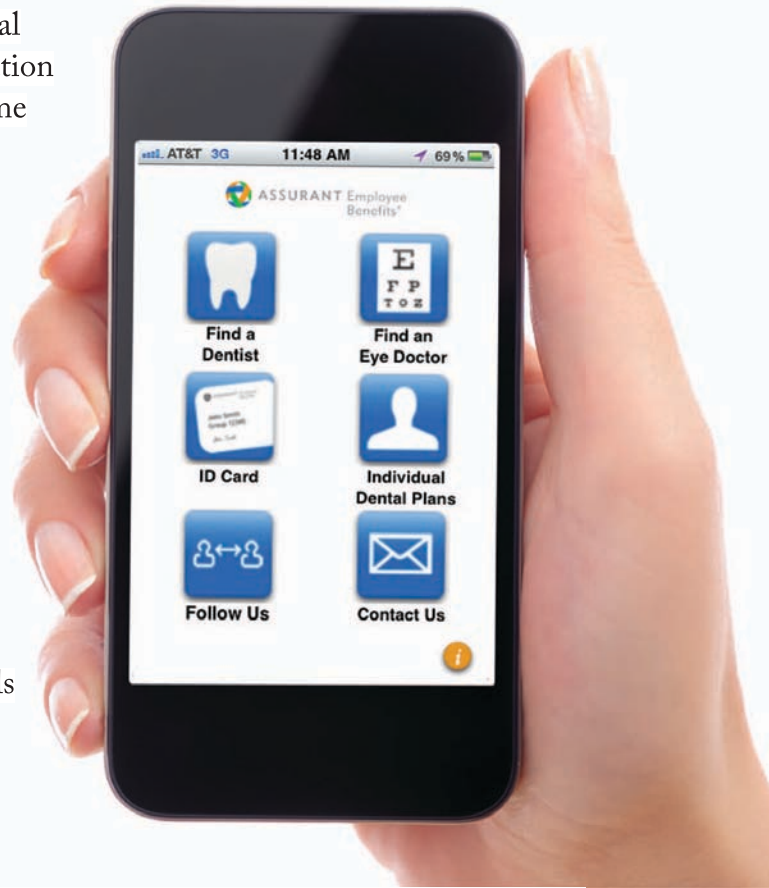
Are You a Smart Phone User?

If you are enrolled in one of the ASRS-sponsored dental plans offered by Assurant Employee Benefits, information about your dental plan is easily available to you at any time using your iPhone or Android smartphone.

Download the *Benefit Tools* app at:

www.assurantemployeebenefits.com/mobile

Then you are ready to find a participating dentist or access your dental ID card. If you are enrolled in one of the indemnity dental plans (the Freedom Basic or Freedom Advance plans), choose “DHA” to search for a PPO dentist near you. If you are enrolled in the Heritage Prepaid Plan, choose “Heritage” to search for a Prepaid dentist near you. If you are enrolled in the DHMO 220 plan, choose “DHMO” to find a DHMO dentist near you. You can also search for participating Vision Service Plan (VSP) offices using the Benefit Tools app. VSP is the discount vision plan available to you at no cost if you are enrolled in one of the dental plans. ■



Now Hear This!



New Hearing Aid Discount

UnitedHealthcare has partnered with a new hearing vendor to provide a discount on hearing aids for their members, **hi® HealthInnovations**.

Please refer to pages 44-45 of the 2013 Open Enrollment Guide for more information on this new benefit. ■